

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the KERMAN
TELEPHONE CO. (U 10122 C) to Restructure
Intrastate Rates and Charges for Telephone
Services Furnished Within the State of California.

Application 02-01-004
(Filed January 4, 2002)

**SCOPING MEMO AND RULING
OF ASSIGNED COMMISSIONER**

Summary

Kerman Telephone Co. (Kerman) filed this application on January 4, 2002 seeking authority to restructure intrastate rates and charges for telephone services and, in connection therewith, for an increase in its intrastate revenues of \$2.268 million, based on an authorized rate of return on intrastate rate base of 12.25%. In addition, on January 4, 2002, Kerman filed a motion for interim rate relief asking for an increase of \$1,937,350 from the California High Cost Fund. A prehearing conference was held on February 26, 2002. Pursuant to Rules 6(a)(3) and 6.3 of the Rules of Practice and Procedure, I am issuing this scoping memo and ruling to confirm the proceeding category and need for hearing, establish the issues and timetable, and designate the principal hearing officer.

Scope of Proceeding

This proceeding will address the following issues:

1. What revenue requirement, rate design, and rates should be ordered for Kerman's 2003 test year?

2. What figures should the Commission adopt for the standard components underlying its adopted revenue requirement and rate design, including but not limited to: itemized results of operations at present and adopted rates; financial structure, cost of debt and equity, and return on rate base; growth and sales forecasts; depreciation rates and reserves; etc?
3. Should the Commission grant Kerman's request for interim relief through an additional \$1,937,350 draw from the California High Cost Fund?
4. Should the Commission authorize any other relief, impose any requirements or conditions, or make any other findings in connection with its order in this general rate case?

Timetable

On June 6, 2002, the Assigned Administrative Law Judge (ALJ) issued a ruling requiring Office of Ratepayer Advocates (ORA) to provide a schedule it could meet. On November 7, 2002, by conference call with the parties, an adjusted schedule was developed. That schedule is as follows:

ORA Audit Report and Testimony Due	December 16, 2002
Public Participation Hearings	January 13, 2003
Second Prehearing Conference	January 17, 2003
Applicant's Reply Testimony Due	January 27, 2003
Evidentiary Hearings	February 18-21, and 24-28, 2003
Opening Briefs Due	To Be Determined (TBD) After Evidentiary Hearings Are Completed
Reply Briefs Due	TBD
Proposed Decision	TBD
Comments on Proposed Decision	TBD
Final Decision	TBD

Resolution should not exceed 18 months from the date the application was filed.

Category and Need Hearing

This ruling confirms that this is a ratesetting proceeding and that a hearing is required, as preliminary determined in Resolution ALJ 176-3080.

Principal Hearing Officer

ALJ Dean J. Evans is designated as the principal hearing officer (Rule 5(1)), and thus will be the presiding officer under Rule 5(k)(2).

Final Oral Argument Before the Commission

Any party wishing to exercise the right under Rule 8(d) to make a final oral argument before the Commission must file a written request and serve it on all parties and the assigned Commissioner and assigned ALJ not later than the case submission date.

IT IS RULED that:

1. The issues to be considered are those described in this ruling.
2. The timetable for the proceeding is as set forth herein.
3. This is a ratesetting proceeding.
4. A hearing is needed.
5. Administrative Dean J. Evans is designated as the principal hearing officer.
6. Kerman's request for interim rate relief will be carefully evaluated.
7. Any party wishing to make a final oral argument before the Commission must file a written request and serve it on all parties and the assigned Commissioner and assigned Administrative Law Judge not later than the case submission date.

Dated November 8, 2002, at San Francisco, California.

/s/ Henry M. Duque
Henry M. Duque

Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Ruling of Assigned Commissioner on all parties of record in this proceeding or their attorneys of record.

Dated November 8, 2002, at San Francisco, California.

/s/ Antonina V. Swansen

Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.